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STANDARDIZATION  
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**IMPACT IN MEXICO OF THE CONFORMITY ASSESSMENT  
PROCEDURE**

**(Item on the Agenda: 3.3)**

**(Document submitted by by Ericsson Mexico)**

**INTRODUCTION:**

The conformity assessment procedure adopted by each administration should be applied in accordance with the characteristics of the kind of industry found in the country, following international guidelines and paying due consideration to its free trade agreements.

When a country has its own manufacturing industry, it is important that its export products be tested in accordance with established international norms, to guarantee that they meet international standards and can be sold abroad.

In consumer countries like Mexico, where approximately 90% of the telecommunications gear installed or used is imported, it is important that the administration check that the products that are going to be installed comply with its standards or with the international standards under which its telecommunications networks operate.

The CAP published by the Mexican authority requires that it be enforced provided there is an Official Mexican Standard (NOM) that the product has to meet and that a laboratory exists that is accredited and approved for carrying out the tests that the NOM requires.

## EXPECTED IMPACT:

Any new regulatory provision must offer substantial benefits to the sector where it is to be enforced and should in no way create a nontechnical barrier to trade. After studying the content, provisions, and obligations imposed by the draft CAP as published, we see that it includes elements that, instead of promoting deregulation, impose requirements that would hinder COFETEL's current established homologation process. It also lacks information about the procedures to be followed when the obligations imposed on the private agencies that are an integral part of the new procedure are not met, such as, for example, the 12-day deadline for delivering the results of the laboratory tests or the conformity assessment certificate. The result is a lack of legal security for the industry where this new procedure is to be enforced.

The document published by COFETEL in the Official Journal gives rise to the following comments:

1. The CAP will hinder and curtail the development of telecommunications in Mexico by imposing a **single** procedure for certifying that telecommunications and information technologies equipment meet the Official Mexican Standards and requiring that tests be conducted at local laboratories; it includes no other alternatives that could help operators, suppliers, sellers, or any company importing these products to comply more effectively with the certification of their gear.
2. One of the industry's greatest concerns is the total amount of time needed to complete the entire cycle set out by the CAP: Laboratory testing, obtaining the certificate of compliance, and formalities to obtain homologation from COFETEL.

For local manufactures, no other elements need be added; but, in 90% of cases, the following will have to be added to the cycle:

**The time needed to manufacture** the equipment that is going to be tested (depending on the gear in question, this could range from 10 to 60 business days).

**The time needed to import** the equipment (paperwork, transportation, clearing customs, and delivery to the laboratory site where testing is to take place).

**The time needed to translate** into Spanish all the documents required by the CAP (manuals, instructions, etc.)

Given the current infrastructure situation in Mexico, we predict that the phase in that cycle where a bottleneck could arise is the laboratory testing, since there is at present just one accredited and approved laboratory; consequently, there is a high risk that the 12-day deadline set out in the CAP will not be met. In addition, the CAP does not clarify what is to happen when a company finds itself in that position, **and so the total time of 36 business days set out in the CAP will not be respected.**

3. Although the CAP establishes a permanent term for all products, it requires annual follow-ups for the Certification Agency to keep it in force, in addition to any verifications carried out by the authority itself.
4. When several products have modified appearances and could be considered members of a family, the CAP requires an additional certification whereby a CA determines and certifies whether or not it is a family of products.

To date the Mexican authority has used the homologation procedure for the same purpose, with the result that telecommunication and information technology gear has been connected to public telecommunications networks without any problems and has at no time caused problems for the telecommunications networks that operate in the country.

The telecommunications equipment to be used has already been tested and certified under the international standards that Mexico has adopted, following the international procedures, guidelines, and recommendations that Mexico has also adopted. So all that requiring the same products to be re-tested at local laboratories would do is increase the time and cost needed for those products to be placed on the Mexican market.

Since the CAP is only applicable when the corresponding standard and at least one accredited and approved laboratory exist, the CAP would set unequal conditions for selling different products on a single market. In the cellular telephony market, for example, if there is a standard for CDMA and no standard for GSM, then the CDMA products would have to undergo CAP, with all the costs and time that implies, and then enter the Mexican market at a complete disadvantage, while GSM products would be able to reach market much more swiftly.

Given the rapid technological progress and highly competitive nature of the market for telecommunications and information technologies, it is vitally important that manufacturers can introduce their products as quickly as possible. Otherwise, they would be at significant risk of losing their market position, with the resultant losses that that would imply. Those losses were not considered or measured by the authority in its impact analysis.

Further to these comments, the following table shows the total expense in time and costs for **a single product**. The total impact on a manufacturer, seller, operator, or other company required to secure CAP to import its products would be this table's estimated results multiplied by the total number of products it sells in Mexico or by each family of products.

**COMPARATIVE ANALYSIS BETWEEN THE CURRENT HOMOLOGATION  
PROCESS AND HOMOLOGATION PLUS CONFORMITY ASSESSMENT**

| ITEM                                           | HOMOLOGATION                                                                                                                                                                     | CAP + HOMOLOGATION                                                                                                                                                                                                                                   |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Review of documents                            | Technical report drawn up by two telecommunications experts.<br>Time: 15 to 30 days<br>Cost of service: from \$8,000.00 to \$25,000.00<br>Estimated time: 15 to 35 business days | Not applicable                                                                                                                                                                                                                                       |
| Laboratory test                                | Only to obtain permanent homologation.<br>Approximate total cost: \$12,000.00                                                                                                    | Obligatory for any standard that applies.<br>Cost: \$12,000.00 per standard<br>Some products will require 2 or 3 NOMs<br>Time: 12 day per standard                                                                                                   |
| Translation of documents                       | Not applicable                                                                                                                                                                   | Obligatory<br>Cost: \$130.00 per page<br>Approx. total cost: \$13,000.00 per technical manual<br>Time: 14 to 21 business days                                                                                                                        |
| Certification Agency                           | Not applicable                                                                                                                                                                   | Obligatory<br>Estimated cost: \$8,000.00<br>Time: 12 days                                                                                                                                                                                            |
| Manufacture of unit for testing                | Not applicable                                                                                                                                                                   | Obligatory<br>The cost of terminal equipment ranges from MXN \$1,100.00 to \$3,300.00 per terminal unit and from \$220,000.00 to \$550,000.00 for base radios<br>The time also varies from 5 to 60 calendar days                                     |
| Importation and delivery to testing laboratory |                                                                                                                                                                                  | Obligatory<br>The approximate cost of importing a terminal unit is MXN \$5,500.00 and, for base radios, approximately MXN \$5,500.00<br>Import time ranges from 7 to 15 business days                                                                |
| Homologation by COFETEL                        | Cost of permanent homologation: from MXN \$2,835.13 to \$33,245.00<br>Time: up to 45 days                                                                                        | Absent an amendment of the federal duty, the costs would be:<br>From MXN \$2,835.13 to \$33,245.00; but once the proposal contained in the CAP is enforced, there will be no cost.<br>Time needed to obtain the certificate: up to 12 business days. |
| Verification                                   | Applicable when so required by COFETEL.<br>Cost: \$12,000.00, only if laboratory tests are requested.<br>Time: 15 days                                                           | Applicable when so required by COFETEL<br>Cost: \$12,000.00, only if laboratory tests are requested.<br>Time: 15 days                                                                                                                                |
| Follow-up                                      | Not applicable when permanent certification is obtained.                                                                                                                         | Each year, units are to be checked by the CA to ensure that they still comply with the NOM.<br>Annual cost: MXN \$20,000 if only one standard is involved (laboratory test plus cost of certificate).                                                |

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|----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                            |                                                                                                                                                                                                                                                                                                                               | <p>Given the working life of the various products, the cost of a terminal unit over a five-year working life would be \$100,000.00</p> <p>For a base radio with a working life of 20 years, the cost would be \$400,000.00</p> <p>Time: 24 days a year</p> <p>NOTE: Not included are the administrative and storage costs for the follow-up unit, or the costs of transportation to and from the laboratory.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Family certification       | During homologation, COFETEL is informed about products considered parts of a single family.                                                                                                                                                                                                                                  | <p>Obligatory</p> <p>The Certification Agency must first certify that all the products are members of the family.</p> <p>Cost for terminal equipment (assuming only 5 products as family members): \$22,073.00 (samples, importing, translation of manuals and technical documents, and certificate).</p> <p>Cost for five base radios as members of a family: \$2,283,000.00</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| SUMMARY OF TIMES AND COSTS | <p>For a terminal unit</p> <p>Maximum cost: \$22,835.13</p> <p>Maximum time: 60 business days</p> <p>For a base radio</p> <p>Maximum cost: \$70,245.00</p> <p>Maximum time: 92 business days</p> <p><b>For a product family</b></p> <p>For a terminal unit</p> <p>Cost: \$0.00</p> <p>For base radios</p> <p>Cost: \$0.00</p> | <p>For a terminal unit</p> <p>Maximum cost: \$133,800.00</p> <p>Maximum time: 55 business days</p> <p>For a base radio</p> <p>Maximum cost: \$501,000.00</p> <p>Maximum time: 132 business days</p> <p><b>For a product family</b></p> <p>For a terminal unit</p> <p>Cost: \$22,073.00</p> <p>The total time needed to obtain a certificate for a product family could vary depending on the different events involved: the time needed to manufacture each family member, the time needed to translate each family member's manuals, and import formalities, on top of the 12 days provided for in the CAP.</p> <p>For base radios</p> <p>Cost: \$2,283,000.00</p> <p>The total time needed to obtain a certificate for a product family could vary depending on the different events involved: the time needed to manufacture each family member, the time needed to translate each family member's manuals, and import formalities, on top of the 12 days provided for in the CAP.</p> |

## CONCLUSIONS

There are elements external to the CAP process that were not taken into consideration by the authority and that will affect the total time needed to obtain the conformity certificate: instead of the proposed delay of 36 days quoted by the authority, the reality is that a total of 132 business days would be needed for each product – in other words, 266% longer than the time established by the CAP, assuming there are no delays in the laboratory, at the Certification Agency, or with the COFETEL itself. But if the laboratory were to receive a greater number of units than the number of tests it can perform in one day, then the delays will be longer than these estimates.

The total cost entailed in product certification also increases. The cost of terminal units would increase by more than 500% over COFETEL's estimate, whereas for units such as base radios, the cost would be 700% higher.

The annual follow-up that the CAP requires to keep the certificate current will have a major impact on products, increasing costs alarmingly.